

**ASSEMBLY BILL**

**No. 1193**

**Introduced by Assembly Member Wiggins**

February 21, 2003

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An act to amend Section 124900 of the Health and Safety Code, relating to health facilities.

LEGISLATIVE COUNSEL'S DIGEST

AB 1193, as introduced, Wiggins. Health care facilities: primary care clinics.

Existing law requires the State Department of Health Services to select certain primary care clinics to be reimbursed for delivering medical services, including preventive health care, and smoking prevention and cessation health education, to program beneficiaries, based on specified criteria.

Existing law requires the department, in the 1998–99 fiscal year, to allocate funds to these clinics for a 3-year period, as specified.

This bill would delete the latter provision described above.

Existing law requires clinics, in the 1998–99 to 2000–01 fiscal years, inclusive, to submit updated data regarding the clinics' levels of uncompensated care to the department, as prescribed. Existing law prohibits clinics from submitting updated data regarding uncompensated care in the 2001–02 fiscal year and subsequent fiscal years.

This bill would delete these provisions.

Vote: majority. Appropriation: no. Fiscal committee: no. State-mandated local program: no.

*The people of the State of California do enact as follows:*

1     SECTION 1. Section 124900 of the Health and Safety Code  
2     is amended to read:  
3     124900. (a) (1) The State Department of Health Services  
4     shall select primary care clinics that are licensed under paragraph  
5     (1) or (2) of subdivision (a) of Section 1204, or are exempt from  
6     licensure under subdivision (c) of Section 1206, to be reimbursed  
7     for delivering medical services, including preventive health care,  
8     and smoking prevention and cessation health education, to  
9     program beneficiaries.  
10    (2) Except as provided for in paragraph (3), in order to be  
11    eligible to receive funds under this article, a clinic shall meet all  
12    of the following conditions, at a minimum:  
13    (A) Provide medical diagnosis and treatment.  
14    (B) Provide medical support services of patients in all stages of  
15    illness.  
16    (C) Provide communication of information about diagnosis,  
17    treatment, prevention, and prognosis.  
18    (D) Provide maintenance of patients with chronic illness.  
19    (E) Provide prevention of disability and disease through  
20    detection, education, persuasion, and preventive treatment.  
21    (F) Meet one or both of the following conditions:  
22    (i) ~~Are~~ *Be* located in an area federally designated as a medically  
23    underserved area or medically underserved population.  
24    (ii) ~~Are clinics that are~~ *Be* able to demonstrate that at least 50  
25    percent of the patients served are persons with incomes at or below  
26    200 percent of the federal poverty level.  
27    (3) Notwithstanding the requirements of paragraph (2), all  
28    clinics that received funds under this article in the 1997–98 fiscal  
29    year shall continue to be eligible to receive funds under this article.  
30    (b) As a part of the award process for funding pursuant to this  
31    article, the department shall take into account the availability of  
32    primary care services in the various geographic areas of the state.  
33    The department shall determine which areas within the state have  
34    populations ~~which have~~ *with* clear and compelling difficulty in  
35    obtaining access to primary care. The department shall consider  
36    proposals from new and existing eligible providers to extend clinic  
37    services to these populations.

(c) Each primary care clinic applying for funds pursuant to this article shall demonstrate that the funds shall be used to expand medical services, including preventive health care, and smoking prevention and cessation health education, for program beneficiaries above the level of services provided in the 1988 calendar year or in the year prior to the first year a clinic receives funds under this article if the clinic did not receive funds in the 1989 calendar year.

(d) (1) The department, in consultation with clinics funded under this article, shall develop a formula for allocation of funds available. It is the intent of the Legislature that the funds allocated pursuant to this article promote stability for those clinics participating in programs under this article as part of the state's health care safety net and at the same time be distributed in a manner that best promotes access to health care to uninsured populations.

(2) The formula shall be based on both of the following:

(A) A hold harmless for clinics funded in the 1997–98 fiscal year to continue to reimburse them for some portion of their uncompensated care.

(B) Demonstrated unmet need by both new and existing clinics, as reflected in their levels of uncompensated care reported to the department. For purposes of this article, “uncompensated care” means clinic patient visits for persons with incomes at or below 200 percent of the federal poverty level for which there is no encounter-based third-party reimbursement which includes, but is not limited to, unpaid expanded access to primary care claims and other unreimbursed visits as verified by the department according to subparagraph (A) of paragraph (5) (4).

~~(3) In the 1998–99 fiscal year, the department shall allocate funds for a three-year period as follows:~~

~~(A) If the funds available for the purposes of this article are equal to or less than the prior fiscal year, clinics that received funding in the prior fiscal year shall receive 90 percent of their prior fiscal year allocation, subject to available funds, provided that funding award is substantiated by the clinics' reported levels of uncompensated care. The remaining funds beyond 90 percent shall be awarded in the following order:~~

~~(i) First priority shall be given to clinics that participated in the program in prior fiscal years, withdrew from the program due to~~

1 financial considerations, were subsequently categorized as “new  
2 applicants” when they reapplied to the program, and received a  
3 significantly reduced allocation as a result. These clinics shall be  
4 awarded 90 percent of their allocation prior to their withdrawal  
5 from the program, subject to available funds, provided that award  
6 level is substantiated by the clinics’ reported levels of  
7 uncompensated care.

8 (ii) Second priority shall be given to those clinics that received  
9 program funds in the prior year and continue to meet the minimum  
10 requirements for funding under this article. In implementing this  
11 priority, the department shall allocate funds to all eligible  
12 previously funded clinics on a proportionate basis, based on their  
13 reported levels of uncompensated care, which may include, but is  
14 not limited to, unpaid expanded access to primary care claims and  
15 other unreimbursed patient visits, as verified by the department  
16 according to subparagraph (A) of paragraph (5).

17 (B) If funds available for the purposes of this article are equal  
18 to or less than the prior fiscal year, only those clinics that received  
19 program funds in the prior fiscal year may be awarded funds.  
20 Funds shall be awarded in the same priority order as specified in  
21 clauses (i) and (ii) of subparagraph (A).

22 (C) If funds available for purposes of this article are greater  
23 than the prior fiscal year, clinics that received funds in the prior  
24 fiscal year shall be awarded 100 percent of their prior fiscal year  
25 allocation, provided that funding award level is substantiated by  
26 the clinics’ reported levels of uncompensated care. Remaining  
27 funds shall be awarded in the following priority order:

28 (i) First priority shall be given to clinics that participated in the  
29 program in prior fiscal years, withdrew from the program due to  
30 financial considerations, were subsequently categorized as “new  
31 applicants” when they reapplied to the program, and received a  
32 significantly reduced allocation as a result. These clinics shall be  
33 awarded 100 percent of their allocation prior to their withdrawal  
34 from the program, provided that award level is substantiated by the  
35 clinics’ reported levels of uncompensated care.

36 (ii) Second priority shall be given to new and existing  
37 applicants that meet the minimum requirements for funding under  
38 this article. In implementing this priority, the department shall  
39 allocate funds to all eligible previously funded clinics on a  
40 proportionate basis, based on their reported levels of

1 ~~uncompensated care, which may include, but is not limited to,~~  
2 ~~unpaid expanded access to primary care claims and other~~  
3 ~~unreimbursed patient visits, as verified by the department,~~  
4 ~~according to subparagraph (A) of paragraph (5).~~

5 ~~(4)–~~

6 (3) In the 2001–02 fiscal year, and subsequent fiscal years, the  
7 department shall allocate available funds, for a three-year period,  
8 as follows:

9 (A) Clinics that received funding in the prior fiscal year shall  
10 receive 90 percent of their prior fiscal year allocation, subject to  
11 available funds, provided that the funding award is substantiated  
12 by the clinics' reported levels of uncompensated care.

13 (B) The remaining funds beyond 90 percent shall be awarded  
14 to new and existing applicants based on the clinics' reported levels  
15 of uncompensated care as verified by the department according to  
16 ~~subparagraph (B) of paragraph (5)~~ (4). The department shall seek  
17 input from stakeholders to discuss any adjustments to award levels  
18 that the department deems reasonable such as including base  
19 amounts for new applicant clinics.

20 (C) New applicants shall be awarded funds pursuant to this  
21 subdivision if they meet the minimum requirements for funding  
22 under this article based on the clinics' reported levels of  
23 uncompensated care as verified by the department according to  
24 ~~subparagraph (B) of paragraph (5)~~ (4). New applicants include  
25 applicants for any new site expansions by existing applicants.

26 (D) The department shall confer with clinic representatives to  
27 develop a funding formula for the program implemented pursuant  
28 to this paragraph to use for allocations for the 2004–05 fiscal year  
29 and subsequent fiscal years.

30 (E) This paragraph shall become inoperative on July 1, 2004.

31 ~~(5)–~~

32 (4) (A) In assessing reported levels of uncompensated care, the  
33 department shall utilize the most recent data available from the  
34 Office of Statewide Health Planning and Development's  
35 (OSHDP) completed analysis of the "Annual Report of Primary  
36 Care Clinics."

37 ~~(A) In the 1998–99 to 2000–01 fiscal years, inclusive, clinics~~  
38 ~~shall submit updated data regarding the clinics' levels of~~  
39 ~~uncompensated care to the department with their initial~~  
40 ~~application, and for each of the two remaining years in the~~

~~three-year application period. The department shall compare the clinics' updated uncompensated care data to the OSHPD uncompensated care data for that clinic for the same reporting period. Discrepancies in uncompensated care data for any particular clinic shall be resolved to the satisfaction of the department prior to the award of funds to that clinic.~~

~~(B) In the 2001-02 fiscal year, and subsequent fiscal years, clinics may not submit updated data regarding the clinics' levels of uncompensated care. The department shall utilize the most recent data available from OSHPD's completed analysis of the "Annual Report of Primary Care Clinics."~~

~~(C)–~~

~~(B)~~ If the funds allocated to the program are less than the prior year, the department shall allocate available funds to existing program providers only.

~~(6)–~~

(5) The department shall establish a base funding level, subject to available funds, of no less than thirty-five thousand dollars (\$35,000) for frontier clinics and Native American reservation-based clinics. For purposes of this article, "frontier clinics" means clinics located in a medical services study area with a population of fewer than 11 persons per square mile.

~~(7)–~~

(6) The department shall develop, in consultation with clinics funded pursuant to this article, a formula for reallocation of unused funds to other participating clinics to reimburse for uncompensated care. The department shall allocate the unused funds to other participating clinics to reimburse for uncompensated care.

(e) In applying for funds, eligible clinics shall submit a single application per clinic corporation. Applicants with multiple sites shall apply for all eligible clinics, and shall report to the department the allocation of funds among their corporate sites in the prior year. A corporation may only claim reimbursement for services provided at a program-eligible clinic site identified in the corporate entity's application for funds, and approved for funding by the department. A corporation may increase or decrease the number of its program-eligible clinic sites on an annual basis, at the time of the annual application update for the subsequent fiscal years of any multiple-year application period.

1 (f) Grant allocations pursuant to this article shall be based on  
2 the formula developed by the department, notwithstanding a  
3 merger of one of more licensed primary care clinics participating  
4 in the program.

5 (g) A clinic that is eligible for the program in every other  
6 respect, but that provides dental services only, rather than the full  
7 range of primary care medical services, shall only be eligible to  
8 receive funds under this article on an exception basis. A  
9 dental-only provider's application shall include a Memorandum of  
10 Understanding (MOU) with a primary care clinic funded under  
11 this article. The MOU shall include medical protocols for making  
12 referrals by the primary care clinic to the dental clinic and from the  
13 dental clinic to the primary care clinic, and ensure that case  
14 management services are provided and that the patient is being  
15 provided comprehensive primary care as defined in subdivision  
16 (a).

17 (h) (1) For purposes of this article, an outpatient visit shall  
18 include diagnosis and medical treatment services, including the  
19 associated pharmacy, X-ray, and laboratory services, and  
20 prevention health and case management services that are needed  
21 as a result of the outpatient visit. For a new patient, an outpatient  
22 visit shall also include a health assessment encompassing an  
23 assessment of smoking behavior and the patient's need for  
24 appropriate health education specific to related tobacco use and  
25 exposure.

26 (2) "Case management" includes, for this purpose, the  
27 management of all physician services, both primary and specialty,  
28 and arrangements for hospitalization, postdischarge care, and  
29 followup care.

30 (i) (1) Payment shall be on a per-visit basis at a rate that is  
31 determined by the department to be appropriate for an outpatient  
32 visit as defined in this section, and shall be not less than  
33 seventy-one dollars and fifty cents (\$71.50).

34 (2) In developing a statewide uniform rate for an outpatient  
35 visit as defined in this article, the department shall consider  
36 existing rates of payments for comparable outpatient visits. The  
37 department shall review the outpatient visit rate on an annual basis.

38 (j) Not later than May 1 of each year, the department shall adopt  
39 and provide each licensed primary care clinic with a schedule for  
40 programs under this article, including the date for notification of

1 availability of funds, the deadline for the submission of a  
2 completed application, and an anticipated contract award date for  
3 successful applicants.

4 (k) In administering the program created pursuant to this  
5 article, the department shall utilize the Medi-Cal program statutes  
6 and regulations pertaining to program participation standards,  
7 medical and administrative recordkeeping, the ability of the  
8 department to monitor and audit clinic records pertaining to  
9 program services rendered to program beneficiaries and take  
10 recoupments or recovery actions consistent with monitoring and  
11 audit findings, and the provider's appeal rights. Each primary care  
12 clinic applying for program participation shall certify that it will  
13 abide by these statutes and regulations and other program  
14 requirements set forth in this article.

